

PORT ST JOHNS LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2008

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 31, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 17 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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**Z M Hewu**  
**Municipal Manager**

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**Z Mrwebi**  
**Chief Finance Officer**

**PORT ST JOHNS LOCAL MUNICIPALITY  
ANNUAL FINANCIAL STATEMENTS  
For the year ended 30 June 2008**

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**PORT ST JOHNS LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION**  
**For the year ended 30 June 2008**

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	Note	2008 R	2007 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>33 653 303</b>	<b>37 407 470</b>
Capitalisation reserve		15 079 340	20 893 003
Government grant reserve		8 393 008	6 021 950
Accumulated surplus		10 180 955	10 492 517
<b>Non-current liabilities</b>			
Long-term liabilities	1	-	226 529
<b>Current liabilities</b>		<b>23 097 540</b>	<b>20 240 657</b>
Consumer deposits	2	1 032 956	1 032 956
Provisions	3	341 410	-
Creditors	4	12 689 098	10 881 967
Unspent conditional grants and receipts	5	3 010 800	-
Bank overdraft	13	5 779 807	8 093 653
Current portion of long-term liabilities	1	243 470	232 081
<b>Total Net Assets and Liabilities</b>		<b>56 750 844</b>	<b>57 874 656</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>45 725 499</b>	<b>49 670 405</b>
Property, plant and equipment	6	45 725 499	49 496 001
Long-term receivables	7	-	174 404
<b>Current assets</b>		<b>11 025 345</b>	<b>8 204 251</b>
Inventory	8	112 266	-
Consumer debtors	9	2 759 881	3 294 970
Other debtors	10	5 485 357	2 892 663
Current portion of long-term receivables	7	101 856	80 544
VAT	11	2 030 980	1 411 274
Call investment deposits	12	532 902	524 189
Bank balances and cash	13	2 103	611
<b>Total Assets</b>		<b>56 750 844</b>	<b>57 874 656</b>

**PORT ST JOHNS LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**For the year ended 30 June 2008**

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	<b>Note</b>	<b>2008 R</b>	<b>2007 R</b>
<b>REVENUE</b>			
Property rates	14	2 889 521	764 056
Service charges - refuse	15	631 997	24 106
Rental of facilities		31 688	26 013
Interest earned - external investments		7 938	53 014
Interest earned - outstanding debtors		15 028	27 431
Fines		74 710	161 630
Licences and permits		61 097	-
Government grants and subsidies	16	32 857 221	36 503 976
Other income		101 433	563 260
Gains on disposal of property, plant and equipment		3 500 000	-
<b>Total Revenue</b>		<b>40 170 633</b>	<b>38 123 486</b>
<b>EXPENDITURE</b>			
Employee related costs	17	16 350 974	15 742 060
Remuneration of Councillors	18	5 016 095	4 692 093
Bad debts		6 075 320	-
Depreciation		1 856 745	1 213 519
Repairs and maintenance		927 487	1 835 087
Interest paid	19	941 332	746 176
Local Economic Development Programmes		1 568 369	52 698
General expenses		11 134 381	11 553 012
<b>Total expenditure</b>		<b>43 870 704</b>	<b>35 834 645</b>
<b>(DEFICIT) / SURPLUS FOR THE YEAR</b>		<b>(3 700 070)</b>	<b>2 288 841</b>

**PORT ST JOHNS LOCAL MUNICIPALITY**  
**CASH FLOW STATEMENT**  
**For the year ended 30 June 2008**

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	<b>Note</b>	<b>2008 R</b>	<b>2007 R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		36 647 667	38 043 041
Cash paid to suppliers and employees		(38 712 786)	(38 533 137)
Cash utilised in operations	22	(2 065 119)	(490 096)
Investment income		22 966	80 445
Interest paid		(941 332)	(746 176)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(2 983 484)</b>	<b>(1 155 827)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(3 440 340)	(4 371 727)
Proceeds on disposal of property, plant and equipment		8 800 000	-
Decrease / (increase) in long-term receivables		174 404	(76 360)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>5 534 064</b>	<b>(4 448 087)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Loans (repaid) / raised		(226 529)	226 529
Increase in consumer deposits		-	1 032 956
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(226 529)</b>	<b>1 259 485</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2 324 051</b>	<b>(4 344 429)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(7 568 853)</b>	<b>(3 224 424)</b>
<b>Cash and cash equivalents at the end of the year</b>	23	<b>(5 244 803)</b>	<b>(7 568 853)</b>

**PORT ST JOHNS LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2008

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	Pre-GAMAP Reserves and Funds	Capitalisation Reserve	Government Grant Reserve	Revaluation Reserve	(Accumulated Deficit) / Accumulated Surplus	Total
<b><u>2007</u></b>						
Balance at 01 July 2007	22 490 721	-	-	-	(9 777 697)	12 713 024
Implementation of GAMAP (Note 20)	(22 490 721)	21 302 226	-	-	1 188 495	-
Change in accounting policy owned assets previously unaccounted for	-	-	-	-	33 417 570	33 417 570
Capital grants used to acquired PPE			2 871 270		(2 871 270)	-
Arrear depreciation financed out of accumulated deficit	-	-	-	-	(5 834 773)	(5 834 773)
Correction of error - change of closing closing balances in 2007 (Note 21.1 )	-	-	-	-	563 708	563 708
Correction of errors (Note 21.2)	-	-	-	-	(3 452 059)	(3 452 059)
Capital grant used to purchase PPE	-	-	3 720 513	-	(3 720 513)	-
Offsetting depreciation	-	(409 223)	(569 833)	-	979 056	-
<b>Balance at 30 June 2007</b>	<b>-</b>	<b>20 893 003</b>	<b>6 021 950</b>	<b>-</b>	<b>10 492 517</b>	<b>37 407 470</b>
<b><u>2008</u></b>						
Loss on disposal of Property, plant and equipment	-	-	-	-	(54 096)	(54 096)
Deficit for the year	-	-	-	-	(3 700 070)	(3 700 070)
Capital grants used to acquire PPE	-	-	3 249 743	-	(3 249 743)	-
Transfer from the Capitalisation reserve in lieu of assets disposed	-	(5 300 000)	-	-	5 300 000	-
Offsetting depreciation	-	(513 663)	(878 685)	-	1 392 348	-
	<b>-</b>	<b>15 079 340</b>	<b>8 393 008</b>	<b>-</b>	<b>10 180 955</b>	<b>33 653 303</b>

**1. BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, except for the revaluation of land and buildings which are carried at fair value.

In accordance with section 122(3) of the Municipal Finance Management Act (Act No. 56 of the 2003), the municipality has adopted the Standards of GAMAP and GRAP issued by the Accounting Standards Board during the financial year. GAMAP and GRAP standards are fundamentally different to the fund accounting policies adopted in previous financial years. Comparative amounts have been restated retrospectively to the extent possible. The effect of the change in accounting policy arising from the implementation of GAMAP and GRAP is set out in Note 20.

Assets, liabilities, revenues and expenses have not been offset except where offsetting is required or permitted by a Standard of GAMAP or GRAP.

**2. PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**3. RESERVES**

**3.2 Capitalisation Reserve**

On the implementation of GAMAP / GRAP, the balance of certain funds, created in terms of the various Provincial Ordinances applicable at the time, that had historically been utilised for the acquisition of items of property, plant and equipment have been transferred to a Capitalisation Reserve instead of the accumulated surplus in terms of a directive issued by National Treasury. The purpose of this reserve is to promote consumer equity by ensuring that future depreciation expenses that will be incurred over the useful lives of these items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

The balance on the Capitalisation Reserve equals the carrying value of the items of property, plant and equipment financed from the legislated funds. When items of property, plant and equipment are depreciated, a transfer is made from the Capitalisation Reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed, the balance in the Capitalisation Reserve relating to such item is transferred to the accumulated surplus.

### 3.3 Government Grant Reserve

When items of property, plant and equipment are financed from government grants, a transfer is made from the accumulated surplus to the Government Grants Reserve equal to the Government Grant recorded as revenue in the Statement of Financial Performance in accordance with a directive issued by National Treasury. When such items of property, plant and equipment are depreciated a transfer is made from the Government Grant to the accumulated surplus. The purpose of this policy is to promote community equity by ensuring that the future depreciation expenses that will be incurred over the useful lives of government grant funded items of property, plant and equipment are offset by transfers from this reserve to the accumulated surplus.

When an item of property, plant and equipment is disposed, the balance in the Government Grant Reserve relating to such item is transferred to the accumulated surplus.

### 3.4 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus. On disposal, the net revaluation surplus is transferred to the accumulated deficit while gains or losses on disposal based on revalued amounts, are credited or charged to the Statement of Financial Performance.

## 6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated cost less accumulated depreciation with an exception of land and buildings which are revalued as indicated below.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

Where impaired land and buildings are revalued, the increase in value of land and buildings are recognised as revenue to the extent that it reverses the impairment loss previously recognised as an expense.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. The annual depreciation rates are based on the following estimated asset lives:

<u>Infrastructure</u>	<u>Years</u>	<u>Other</u>	<u>Years</u>
Roads and paving	30	Buildings	30
Housing	30	Specialist vehicles	10
		Other vehicles	5
<b>Community</b>		Office equipment	3-7
Buildings	30	Furniture and fittings	7-10
Recreational facilities	20-30	Specialised plant and equipment	10-15
		Landfill sites	15

## 6. PROPERTY PLANT AND EQUIPMENT



The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

## **7. REVALUATION OF LAND AND BUILDINGS**

Land and buildings are stated at revalued amounts, being the fair value at the date of revaluation less subsequent accumulated depreciation in respect of buildings. As a matter of transition, land and buildings (other than community assets) are currently not being depreciated until a sound demarcation of values between the land and buildings' component is ascertained.

## **8. INVESTMENTS**

Financial instruments which entail short-term deposits invested in registered commercial banks are stated at cost.

## **9. INVENTORIES**

Consumable stores and maintenance materials are valued at the lower of cost and net realisable value. The basis of determining cost is the first-in-first out method.

## **10. ACCOUNTS RECEIVABLE**

Accounts receivable are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified. Amounts that are receivable within 12 months from the reporting date are classified as current.

## **11. TRADE CREDITORS**

Trade creditors are stated at their nominal value.

## **12. REVENUE RECOGNITION**

Revenue is recognised when it is probable that future economic benefits will flow to the municipality and these benefits can be measured reliably.

### **12.1 Assessment Rates**

Assessment rates are levied at an approved annual rate on the value of land and buildings. All rateable properties are charged assessment rates based on the municipal valuation of properties. The revenue is recognised on issue of assessment rates to ratepayers.

### **12.2 Refuse**

Service charges relating to refuse removal are recognised on a monthly basis in arrears by

applying the approved tariff to each property. Fixed tariffs are determined per category of property usage.

### **12.3 Interest revenue**

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

### **12.4 Rental income**

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

## **13. CONDITIONAL GRANTS AND RECEIPTS**

Revenue from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

## **14. PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate.

## **15. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks and investments in financial instruments, net of bank of bank overdrafts.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts expensed as incurred.

## **16. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

## **17. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act, the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1988) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

## **18. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently account as revenue in the Statement of Financial Performance.

## **19. COMPARATIVE INFORMATION**

### **19.1 Current year comparatives**

Budgeted amounts have been included in the annual financial statements for the current financial year only.

### **19.2 Prior year comparatives**

When the presentation or classification of items in annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

## **20. LEASES**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the municipality at the present value of future minimum lease payments. Such assets are depreciated in terms of the accounting policy on property, plant and equipment stated in item 6 above. The corresponding liability to the lessor is included in the statement of financial position as a finance lease liability. Lease payments are apportioned between finance charges and reduction of lease obligation to achieve a constant rate of interest (effective interest rate method) on the remaining balance of the liability. Finance charges are charged directly against income.

Operating lease payments are recognised as an expense on a straight line basis over the lease terms. Operating lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed in the body of the financial statements.

## **21. RETIREMENT BENEFITS**

The municipality operates a defined contribution plan in the form of a provident fund scheme covering employees. The assets of the scheme are held separately from those of the municipality and are administered by the scheme's trustees. Contributions to the defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to contributions

## **22. BORROWING COSTS**

Borrowing costs are recognised as an expense in the Statement of Financial Performance.

## **23. EVENTS AFTER THE REPORTING DATE**

The agency considers events that occur after the reporting date for inclusion in the annual financial statements. Events that occur after the reporting date (30 June 2008) and the date on which the audit of the financial statements is completed (30 November 2008) are considered for inclusion in the annual financial statements.

**PORT ST JOHNS LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2008

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	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>1. LONG-TERM LIABILITIES</b>		
Capitalised Lease Liability	243 470	458 610
Less: Current portion transferred to current liabilities	(243 470)	(232 081)
<b>Total external loans</b>	<b>-</b>	<b>226 529</b>
<b>2. CONSUMER DEPOSITS</b>		
<b>Water and other services</b>	<b>1 032 956</b>	<b>1 032 956</b>
<b>3. PROVISIONS</b>		
<b>Staff leave</b>	<b>341 410</b>	<b>-</b>
<p>Provision for staff leave represents a sum of the present obligation by the municipality to employees in respect leave due and payable at year end. By its nature it is not possible to estimate with any measure of reasonable accuracy the anticipated timing of utilising the leave provided for, suffice to say it will be utilised during the course of the ensuing year.</p> <p>The movement in staff leave is as follows:</p>		
Balance at the beginning of the year	-	-
Transfer from non-current	-	-
Contributions to provision	341 410	-
Expenditure incurred	-	-
<b>Balance at the end of the year</b>	<b>341 410</b>	<b>-</b>
<b>4. CREDITORS</b>		
Trade creditors and accruals	7 889 987	5 402 968
Payroll creditors	4 787 551	5 465 539
Deposits	11 560	13 460
<b>Balance at the end of the year</b>	<b>12 689 098</b>	<b>10 881 967</b>
<b>5. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
Conditional grants from other spheres of Government		
Municipal Support Programme - Various	2 305 800	-
MIG Grant	705 000	-
	<b>3 010 800</b>	<b>-</b>

See note 16 for reconciliation of grants from other spheres of government.

6. PROPERTY, PLANT AND EQUIPMENT  
30 June 2008  
Reconciliation of Carrying Value

Description	Land and buildings	Infrastructure	Community assets	Capitalised leased assets - Motor vehicles	Other assets	Total
R	R	R	R	R	R	R
<b>Carrying values at 1 July 2007</b>	<b>34 879 819</b>	<b>8 351 813</b>	<b>3 228 603</b>	<b>509 349</b>	<b>2 526 417</b>	<b>49 496 001</b>
Cost	-	6 591 783	-	587 710	6 724 602	13 904 095
Correction of error	-	-	-	-	-	-
Revaluation	34 879 819	5 618 395	5 082 356	-	2 423 032	48 003 602
Accumulated depreciation:	-	(3 858 365)	(1 853 753)	(78 361)	(6 621 217)	(12 411 696)
- Cost	-	(1 306 347)	-	(78 361)	(5 993 487)	(7 378 195)
- Correction of error	-	-	-	-	-	-
- Revaluation	-	(2 552 018)	(1 853 753)	-	(627 730)	(5 033 501)
Acquisitions	-	-	-	-	190 597	190 597
Capital under construction	-	3 249 743	-	-	-	3 249 743
Depreciation:	-	(1 065 778)	(149 502)	(117 542)	(523 924)	(1 856 746)
- based on cost	-	(878 685)	-	(117 542)	(417 553)	(1 413 780)
- based on revaluation	-	(187 093)	(149 502)	-	(106 371)	(442 966)
Carrying value of disposals:	(5 300 000)	-	-	-	(54 096)	(5 354 096)
Cost/revaluation	(5 300 000)	-	-	-	(5 211 761)	(10 511 761)
Accumulated depreciation	-	-	-	-	5 157 665	5 157 665
Impairment loss	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
<b>Carrying values at 30 June 2008</b>	<b>29 579 819</b>	<b>10 535 778</b>	<b>3 079 101</b>	<b>391 807</b>	<b>2 138 994</b>	<b>45 725 499</b>
Cost	-	9 841 526	-	587 710	1 703 438	12 132 674
Revaluation	29 579 819	5 618 395	5 082 356	-	2 423 032	42 703 602
Accumulated depreciation:	-	(4 924 143)	(2 003 255)	(195 903)	(1 987 476)	(9 110 777)
- Cost	-	(2 185 032)	-	(195 903)	(1 253 375)	(3 634 310)
- Revaluation	-	(2 739 111)	(2 003 255)	-	(734 101)	(5 476 467)

6. PROPERTY, PLANT AND EQUIPMENT

30 June 2007

Reconciliation of Carrying Value

Description	Land and buildings	Infrastructure	Community assets	Capitalised leased assets - Motor vehicles	Other assets	Total
	R	R	R	R	R	R
<b>Carrying values at 1 July 2006</b>	<b>34 879 819</b>	<b>5 201 133</b>	<b>3 378 105</b>	<b>-</b>	<b>2 878 736</b>	<b>46 337 793</b>
Cost	-	2 871 270	-	-	6 661 098	9 532 368
Correction of error	-	-	-	-	-	-
Revaluation	34 879 819	5 618 395	5 082 356	-	2 423 032	48 003 602
Accumulated depreciation:	-	(3 288 532)	(1 704 251)	-	(6 205 394)	(11 198 177)
- Cost	-	(923 607)	-	-	(5 667 174)	(6 590 781)
- Correction of error	-	-	-	-	-	-
- Revaluation	-	(2 364 925)	(1 704 251)	-	(538 220)	(4 607 396)
Acquisitions	-	3 720 513	-	587 710	63 504	4 371 727
Capital under construction	-	-	-	-	-	-
Increases/decreases in revaluation	-	-	-	-	-	-
Depreciation:	-	(569 833)	(149 502)	(78 361)	(415 823)	(1 213 519)
- based on cost	-	(382 740)	-	(78 361)	(326 313)	(787 414)
- based on revaluation	-	(187 093)	(149 502)	-	(89 510)	(426 105)
Carrying value of disposals:	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Impairment loss	-	-	-	-	-	-
Cost/revaluation	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Other movements	-	-	-	-	-	-
<b>Carrying values at 30 June 2007</b>	<b>34 879 819</b>	<b>8 351 813</b>	<b>3 228 603</b>	<b>509 349</b>	<b>2 526 417</b>	<b>49 496 001</b>
Cost	-	6 591 783	-	587 710	6 724 602	13 904 095
Revaluation	34 879 819	5 618 395	5 082 356	-	2 423 032	48 003 602
Accumulated depreciation:	-	(3 858 365)	(1 853 753)	(78 361)	(6 621 217)	(12 411 696)
- Cost	-	(1 306 347)	-	(78 361)	(5 993 487)	(7 378 195)
- Revaluation	-	(2 552 018)	(1 853 753)	-	(627 730)	(5 033 501)

**6. PROPERTY, PLANT AND EQUIPMENT**

Land and buildings were revalued to fair value using depreciated replacement values. The effective date of revaluation was 01 July 2007. The revaluation was done by Khanyisa Properties and Management Services who are registered independent valuers.

The leased property, plant and equipment is secured as set out in Note 2.

As part of the conversion to GRAP, the municipality has undertaken a comprehensive revaluation whereby the average useful life has been estimated in respect of each category of infrastructure and community assets using the revaluation amounts of land and buildings. With this process an assessment of the impairment of property, plant and equipment has been done and accordingly impaired assets have been excluded from the revaluation process.



	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>7. LONG-TERM RECEIVABLES</b>		
Motor vehicle loans - Managers	101 856	254 948
Less: Current portion transferred to current receivables	<u>(101 856)</u>	<u>(80 544)</u>
	<b><u>-</u></b>	<b><u>174 404</u></b>
<p>Prior to the promulgation of the MFMA Senior Managers were entitled to car loans. Since then no new loans were issued and the remaining loans being recovered bear interest at 8% per annum are repayable in monthly instalments totalling R8,170.</p>		
<b>8. INVENTORY</b>		
Consumable stores at cost	74 923	-
Maintenance materials at cost	<u>37 343</u>	<u>-</u>
	<b><u>112 266</u></b>	<b><u>-</u></b>
<b>9. CONSUMER DEBTORS</b>		
	<b><u>Gross</u></b>	<b><u>Provision for</u></b>
	<b><u>balance</u></b>	<b><u>bad debts</u></b>
		<b><u>Net</u></b>
		<b><u>balances</u></b>
<b>As at 30 June 2008</b>		
Service debtors		
Rates	6 777 433	4 664 266
Refuse	853 618	587 464
Property lease	<u>1 220 547</u>	<u>839 987</u>
	<b><u>8 851 598</u></b>	<b><u>6 091 717</u></b>
<b>As at 30 June 2007</b>		
Service debtors		
Rates	5 272 953	2 750 082
Refuse	664 128	346 373
Property lease	<u>949 605</u>	<u>495 262</u>
	<b><u>6 886 687</u></b>	<b><u>3 591 717</u></b>
<b>10. OTHER DEBTORS</b>		
Other	<u>5 485 357</u>	<u>2 892 663</u>

	2008 R	2007 R
<b>11. VAT</b>		
<b>VAT receivable</b>	<b>2 030 980</b>	<b>1 411 274</b>
VAT is payable on a receipt basis. Only once payment is received from debtors is VAT paid over to SARS.		
<b>12. CALL INVESTMENT DEPOSITS</b>		
Financial instruments		
<b>Investment call accounts</b>	<b>532 902</b>	<b>524 189</b>
<b>13. BANK, CASH AND OVERDRAFT BALANCES</b>		
The Municipality has the following bank accounts:		
<b>13.1 Current Account (Primary Bank Account)</b>		
Meeg Bank - Port St Johns Branch - Account Number Account Number 4052439958		
Cash book balance at the beginning of the year - overdrawn	(8 091 826)	(3 784 452)
<b>Cash book balance at the end of the year - overdrawn</b>	<b>(5 779 807)</b>	<b>(8 091 826)</b>
Bank statement balance at the beginning of the year - overdrawn	(8 088 648)	(2 881 314)
<b>Bank statement balance at the end of the year - overdrawn</b>	<b>(5 779 807)</b>	<b>(8 088 648)</b>
<b>13.2 Current Account</b>		
Standard Bank - Lusikisiki - Account Number 280790007		
Cash book balance at the beginning of the year	(1 827)	1 223
<b>Cash book balance at the end of the year</b>	<b>1 103</b>	<b>(1 827)</b>
Bank statement balance at the beginning of the year - overdrawn	(1 827)	1 223
<b>Bank statement balance at the end of the year</b>	<b>1 103</b>	<b>(1 827)</b>
<b>13.3 Petty cash balance</b>	<b>1 000</b>	<b>611</b>
<b>Bank and cash balance</b>	<b>2 103</b>	<b>611</b>

	2008 R	2007 R
<b>14. PROPERTY RATES</b>		
<b><u>Actual</u></b>		
Residential	1 157 874	306 169
Commercial	786 533	207 977
State	945 114	249 910
<b>Total assessment rates</b>	<b>2 889 521</b>	<b>764 056</b>
<b><u>Property valuations</u></b>		
Residential	41 896 772	9 047 516
Commercial	28 460 093	6 145 895
State	34 198 228	7 385 032
Municipal	7 430 992	1 604 706
<b>Total property valuations</b>	<b>111 986 085</b>	<b>24 183 149</b>
<p>Valuations on land and buildings are performed every four years.                      The last valuation came into effect on 01 July 2007. A general rate of R0.03 is applied to property valuations to determine the assessment rates. Rates are levied on an annual basis on property owners.</p>		
<b>15. SERVICE CHARGES</b>		
<b>Refuse removal</b>	<b>631 997</b>	<b>24 106</b>

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>16. GOVERNMENT GRANTS AND SUBSIDIES</b>		
Equitable share	21 718 987	25 726 000
Municipal Support Programme - Various	300 000	880 000
Municipal Support Programme - Administrative	5 000 000	-
Municipal Finance Management Grant	500 000	-
IDP Development Grant	200 000	-
MIG Grant	4 404 234	9 647 976
MSIG Grant	734 000	-
Vuna Awards Special Grant	-	250 000
<b>Total government grants and subsidies</b>	<b>32 857 221</b>	<b>36 503 976</b>
<b>16.1 Equitable share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. As part of this service, the municipality provides free basic electricity through a formalised mechanism through Eskom.		
<b>16.2 Municipal Support Programme - Various</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	2 605 800	880 000
Conditions met - transferred to revenue	(300 000)	(880 000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>2 305 800</b>	<b>-</b>
<b>16.3 Municipal Support Programme - Administrative</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	5 000 000	-
Conditions met - transferred to revenue	(5 000 000)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>
<b>16.4 Municipal Finance Management Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	500 000	-
Conditions met - transferred to revenue	(500 000)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>
<b>16.5 IDP Development - Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	200 000	-
Conditions met - transferred to revenue	(200 000)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

	2008 R	2007 R
<b>16. GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>16.6 MIG Grant</b>		
Balance unspent at the beginning of the year	-	717 340
Current year receipts	5 109 234	8 930 636
Conditions met - transferred to revenue	(4 404 234)	(9 647 976)
<b>Conditions still to be met - transferred to liabilities</b>	<b>705 000</b>	<b>-</b>
<b>16.7 MSIG Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	734 000	-
Conditions met - transferred to revenue	(734 000)	-
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>
<b>16.8 Vuna Awards Special Grant</b>		
Balance unspent at the beginning of the year	-	-
Current year receipts	-	250 000
Conditions met - transferred to revenue	-	(250 000)
<b>Conditions still to be met - transferred to liabilities</b>	<b>-</b>	<b>-</b>

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>17. EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and wages	12 847 654	11 973 355
Employee related costs - Contributions for UIF, Provident Fund and Medical Aids	2 520 908	2 649 491
Travel, motor car, accommodation, subsistence and other allowances	893 848	1 109 886
Overtime payments	88 565	9 328
<b>Total employee related costs</b>	<b>16 350 974</b>	<b>15 742 060</b>
 <b>Remuneration of the Municipal Manager</b>		
Annual remuneration	545 348	502 625
Car allowance	132 502	122 122
Contribution to UIF and related items	1 987	1 831
	<b>679 837</b>	<b>626 578</b>
 <b>Remuneration of the Chief Finance Officer</b>		
Annual remuneration	324 718	*
Car allowance	129 346	
Contribution to UIF and related items	2 636	
	<b>456 699</b>	
 <b>Remuneration of the Manager - Corporate Services</b>		
Annual remuneration	442 979	408 276
Car allowance	130 486	120 263
Contribution to UIF and related items	2 633	2 427
	<b>576 098</b>	<b>530 966</b>
 <b>Remuneration of the Engineering Manager</b>		
Annual remuneration	409 561	377 475
Car allowance	120 827	111 361
Contribution to UIF and related items	3 708	3 417
	<b>534 095</b>	<b>492 254</b>

\* In the prior year, the Municipality did not have a Chief Finance Officer.

**PORT ST JOHNS LOCAL MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 2008

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	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>18. REMUNERATION OF COUNCILLORS</b>		
Mayor	445 847	423 005
Speaker	356 678	338 404
Exco members	1 103 467	1 046 932
Councillors	3 110 103	2 883 752
Councillors' pension contribution	-	-
<b>Total councillors' remuneration</b>	<b>5 016 095</b>	<b>4 692 093</b>

**19. INTEREST PAID**

Finance leases	87 727	73 262
Bank overdraft	853 605	672 914
<b>Total interest on external borrowings</b>	<b>941 332</b>	<b>746 176</b>

**20. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP**

The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:

**20.1 Statutory, Trust and Project Funds**

**Balances previously reported:**

Statutory funds	1 182 279
Trust funds	2 978
Projects funds	3 238
<b>Total</b>	<b>1 188 495</b>

**Implementation of GAMAP**

Transferred to Accumulated Deficit	<b>1 188 495</b>
------------------------------------	------------------

	2008 R	2007 R
<b>20. CHANGE IN ACCOUNTING POLICY - IMPLEMENTATION OF GAMAP</b>		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP:		
<b>20.2 Loans Redeemed and Other Capital Receipts</b>		
<b>Balances previously reported:</b>		<u><b>21 302 226</b></u>
<b>Implementation of GAMAP</b>		
Transferred to Government Grant Reserve		<u><b>21 302 226</b></u>
<b>20.3 Property, Plant and Equipment</b>		
<b>Balances previously reported:</b>		<u>-</u>
<b>Implementation of GAMAP</b>		
Infrastructure and other assets not recorded now credited to the Accumulated Deficit (see 20.5 below)		<u><b>33 417 570</b></u>
<b>20.4 Accumulated depreciation - previously reported</b>		<u>-</u>
<b>Implementation of GAMAP</b>		
Backlog depreciation: Land and Buildings		-
Backlog depreciation: Infrastructure		-
Backlog depreciation: Community		-
Backlog depreciation: Other		5 834 773
<b>Total debited to Accumulated Deficit (see 20.5 below)</b>		<u><b>5 834 773</b></u>
<b>20.5 Accumulated (deficit) / surplus</b>		
Previously reported balance - accumulated deficit (30 June 2007)		(9 777 697)
Transferred from statutory, project and trust funds (note 20.1)		1 188 495
Transferred from loans redeemed and other capital receipts		979 056
Capital grant used to acquire PPE		(6 591 783)
Fair value of Property, plant and equipment previously not recorded (note 20.3)		33 417 570
Backlog depreciation (note 20.4)		(5 834 773)
Correction of prior period errors (note 21)		(2 888 351)
<b>Revised closing balance - 30 June 2007</b>		<u><b>10 492 517</b></u>



	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>21. CORRECTION OF ERROR</b>		
During the year ended 30 June 2007 a number of statement of financial position items were misstated in the annual financial statements as follows:		
<b>21.1</b> A number of account balances in the statement of financial position, were discovered to be inaccurate post the conclusion of the financial statements and could therefore not be corrected. The comparative amounts have been restated as follows:		
Vat refundable previously understated		127 077
Loan from the managers' pension fund brought forward from prior years yet settled from pension fund proceeds in the past without the elimination of the receivable		(880 000)
Payroll suspense account subsequently cleared		(50 595)
Short-term investments and cash balances previously misstated		110
Correction of a payment previously duplicated in the main bank account		718 561
2006 accruals previously not reversed, now reversed		648 555
<b>Net effect on (deficit) / surplus</b>		<b><u>563 708</u></b>
<b>21.2</b> Correction of further errors in 2007. The comparative amounts have been restated as follows:		
A number of substantial invoices owing and overdue at 30 June 2007 were neither presented for payment by the respective suppliers nor accrued for at year end		(3 696 749)
Staff deductions with a credit balance written back to to the accumulated deficit		168 808
An unknown liability going back a number of years and reportedly owing to the District Municipality yet unknown to both parties		75 883
<b>Net effect on (deficit) / surplus</b>		<b><u>(3 452 059)</u></b>



	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>22. CASH UTILISED IN OPERATIONS</b>		
(Deficit) / surplus for the year	(3 700 070)	2 288 841
Adjustment for:		
Depreciation	1 856 745	1 213 519
Gain on disposal of property, plant and equipment	(3 500 000)	-
Net effect of recognition of property, plant and equipment		(3 664 865)
Correction of prior year errors	-	(2 888 351)
Investment income	(22 966)	(80 445)
Interest paid	941 332	746 176
<b>Operating deficit before working capital changes:</b>	<b>(4 424 960)</b>	<b>(2 385 125)</b>
Increase in inventories	(112 266)	-
Decrease in consumer debtors	535 089	12 006
Increase in other debtors	(2 592 694)	(366 722)
Increase in conditional grants and receipts	3 010 800	-
Increase in creditors	1 807 131	1 976 903
Increase in provisions	341 410	-
Increase in VAT refundable	(619 706)	(219 888)
Increase in current portion of long-term liabilities	11 389	214 458
(Increase) / decrease in short-term portion of long-term receivables	(21 312)	278 272
<b>Cash utilised in operations</b>	<b>(2 065 119)</b>	<b>(490 096)</b>
<b>23. CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position:		
Bank balances and cash	2 103	611
Call investment deposits	532 902	524 189
Bank overdraft	(5 779 807)	(8 093 653)
<b>Total cash and cash equivalents</b>	<b>(5 244 802)</b>	<b>(7 568 853)</b>

	2008 R	2007 R
<b>24. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>24.1 Unauthorised expenditure</b>		
Reconciliation of unauthorised expenditure:		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-

Incident	Disciplinary steps / criminal proceedings
N/A	N/A

**24.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure:

Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
Transfer to receivables for recovery	-	-
Irregular expenditure awaiting condonement	-	-

Incident	Disciplinary steps / criminal proceedings
N/A	N/A

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>24. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED</b>		
<b>24.3 Irregular expenditure</b>		
Reconciliation of irregular expenditure:		
Opening balance	-	-
Irregular expenditure current year	82 511	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery - not condoned	(82 511)	-
Irregular expenditure awaiting authorisation	<u>-</u>	<u>-</u>

<b>Incident</b>	<b>Disciplinary steps / criminal proceedings</b>
<p>A certain service provider was paid twice in error for the same invoice. The service provider in question has acknowledged this situation and has undertaken to reimburse the municipality by 30 September 2008.</p> <p>The service provider only acknowledged the occurrence after enquiry by the municipality versus a voluntary disclosure.</p>	<p>The employee responsible for this error has since left the employment of the municipality. The service provider has been black-listed within the municipality and the municipality will no longer do business with them.</p>

	2008 R	2007 R
<b>25. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT</b>		
<b>25.1 Contributions to organised local government</b>		
Opening balance	-	-
Council subscriptions	156 971	-
Amount paid - current year	(73 971)	-
Amount paid - previous years	-	-
<b>Balance unpaid (included in creditors)</b>	<b>83 000</b>	<b>-</b>
* The 2008/09 amount of R83, 000 was billed in April 2008 hence part of creditors at year end.		
<b>25.2 Audit fees</b>		
Opening balance	165 994	-
Current year audit fee	698 819	165 994
Amount paid - current year	-	-
Amount paid - previous years	(165 994)	-
<b>Balance unpaid (included in creditors)</b>	<b>698 819</b>	<b>165 994</b>
<b>25.3 VAT</b>		
VAT input receivables are shown in note 11.		
<b>25.4 PAYE and UIF</b>		
Opening balance	2 669 231	753 715
Current year payroll deductions	2 360 688	2 157 286
Amount paid - current year	-	-
Amount paid - previous years	(612 285)	(241 770)
<b>Balance unpaid (included in creditors)</b>	<b>4 417 634</b>	<b>2 669 231</b>

	<b>2008</b>	<b>2007</b>
	<b>R</b>	<b>R</b>
<b>25. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (continued)</b>		
<b>25.5 Pension and Medical Aid Deductions</b>		
Opening balance	2 697 859	1 874 661
Current year payroll deductions and council contributions	4 497 823	4 450 605
Amount paid - current year	(2 697 859)	-
Amount paid - previous years	(4 497 823)	(3 648 390)
Interest on arrears	-	20 983
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>2 697 859</b>

**26. RETIREMENT BENEFIT INFORMATION**

The municipality has a retirement contribution plan to which all qualifying employees belong.

**27. CONTINGENT LIABILITY**

Currently, a discussion between the municipality and the South African Revenue Services is taking place. This relates to imputed penalties and interest that the Revenue Service is contemplating charging the municipality while on the other hand, the municipality is owed a substantial sum of money by the Revenue Service in respect of arrear net input tax refundable.

**28. EVENTS AFTER THE REPORTING DATE**

There are no events subsequent to the reporting date that require reporting.

**29. COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance performance with that budgeted is set out in Annexure E(1).

PORT ST JOHNS LOCAL MUNICIPALITY

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APPENDIX A  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2008

EXTERNAL LOANS	Loan Number	Redeemable	Balance at 30/06/07	Received during the year	Redeemed / written off during the year	Balance at 30/06/08
			R	R	R	R
<b>LEASE LIABILITY</b>						
Mercedes Benz ML350	30-1957-2774	30 June 2009	458 610	-	215 140	243 470

Carrying Value of Property, Plant and Equipment	Other costs in accordance with the MFMA
R	R
391 807	-



## APPENDIX B

## ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2008

	Cost / Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions / Revaluation	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
<b>Land and Buildings</b>										
Land	29 110 594	-	-	5 300 000	23 810 594	-	-	-	-	23 810 594
Land and Buildings	5 769 225	-	-	-	5 769 225	-	-	-	-	5 769 225
	<b>34 879 819</b>	-	-	<b>5 300 000</b>	<b>29 579 819</b>	-	-	-	-	<b>29 579 819</b>
<b>Infrastructure</b>										
Street Lights	-	-	839 162	-	839 162	-	-	-	-	839 162
Tarred Roads	5 618 395	-	-	-	5 618 395	2 552 017	187 093	-	2 739 110	2 879 285
Access Roads	6 591 783	-	2 410 581	-	9 002 364	1 306 347	878 685	-	2 185 032	6 817 332
	<b>12 210 178</b>	-	<b>3 249 743</b>	-	<b>15 459 921</b>	<b>3 858 365</b>	<b>1 065 777</b>	-	<b>4 924 142</b>	<b>10 535 779</b>
<b>Community assets</b>										
Graveyard	117 500	-	-	-	117 500	-	-	-	-	117 500
Recreation grounds	475 320	-	-	-	475 320	-	-	-	-	475 320
Community Halls	4 489 536	-	-	-	4 489 536	1 853 753	149 502	-	2 003 255	2 486 281
	<b>5 082 356</b>	-	-	-	<b>5 082 356</b>	<b>1 853 753</b>	<b>149 502</b>	-	<b>2 003 255</b>	<b>3 079 101</b>
<b>Leased assets</b>										
Motor vehicles	587 710	-	-	-	587 710	78 361	117 542	-	195 903	391 807
<b>Other assets</b>										
Landfill site	1 131 232	-	-	-	1 131 232	188 350	37 670	-	226 020	905 212
Furniture and fittings	444 742	24 169	-	304 466	164 445	334 609	69 197	338 700	65 105	99 340
Plant and equipment	1 291 800	-	-	-	1 291 800	516 720	129 180	-	645 900	645 900
Motor vehicles	5 612 632	-	-	4 662 016	950 616	5 268 283	190 123	4 662 016	796 390	154 226
Tools and equipment	41 400	-	-	-	41 400	21 980	6 600	-	28 580	12 820
Office and traffic equipment	59 400	68 850	-	-	128 250	59 394	3 661	-	63 055	65 195
Computer equipment	566 428	97 578	-	245 279	418 727	231 881	87 493	156 949	162 426	256 302
	<b>9 147 634</b>	<b>190 597</b>	-	<b>5 211 761</b>	<b>4 126 470</b>	<b>6 621 217</b>	<b>523 924</b>	<b>5 157 665</b>	<b>1 987 477</b>	<b>2 138 994</b>
	<b>61 907 697</b>	<b>190 597</b>	<b>3 249 743</b>	<b>10 511 761</b>	<b>54 836 276</b>	<b>12 411 696</b>	<b>1 856 745</b>	<b>5 157 665</b>	<b>9 110 777</b>	<b>45 725 500</b>

**PORT ST JOHNS LOCAL MUNICIPALITY**

**APPENDIX E(1)**

**Actual versus budget (Revenue and expenditure)**

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**For the year ended 30 June 2008**

<b>REVENUE</b>	<b>2008 Actual</b>	<b>2008 Budget</b>	<b>2008 Variance</b>	<b>2008 Variance %</b>	<b>Explanation of significant Variances</b>
Property rates	2 889 521	6 500 000	(3 610 479)	-56%	The budget included additional revenue anticipated from consumer debtors.  Budgeted income includes approximately R18m worth of revenue that was anticipated from the disposal of fixed assets.
Service charges - refuse	631 997	501 660	130 337	26%	
Rental of facilities	31 688	120 000	(88 312)	-74%	
Interest earned on external investments	7 938	-	7 938	100%	
Interest earned on outstanding debtors	15 028	-	15 028	100%	
Fines	74 710	-	74 710	100%	
Licences and permits	61 097	40 000	21 097	53%	
Government grants and subsidies	32 857 221	31 955 686	901 535	3%	
Other income	101 433	19 356 060	(19 254 627)	-99%	
Gains on disposal of property, plant and equipment	3 500 000	-	3 500 000	100%	
<b>Total Revenue</b>	<b>40 170 633</b>	<b>58 473 406</b>	<b>(18 302 773)</b>	<b>-31%</b>	
<b>EXPENDITURE</b>					
Executive and Council	7 945 197	12 275 776	4 330 579	35%	
Corporate Services	10 848 789	8 346 301	(2 502 488)	-30%	
Budget and Treasury	13 353 406	3 938 625	(9 414 781)	-239%	
Local Economic Development	3 230 707	6 085 517	2 854 810	47%	
Engineering and planning	5 112 379	19 448 864	14 336 485	74%	
Community and Social services	3 380 225	8 378 324	4 998 099	60%	
<b>Total Expenditure</b>	<b>43 870 704</b>	<b>58 473 407</b>	<b>14 602 703</b>	<b>25%</b>	
<b>NET DEFICIT FOR THE YEAR</b>	<b>(3 700 070)</b>	<b>(1)</b>	<b>(3 700 069)</b>	<b>-100%</b>	